

By: Hancock

S.B. No. 1386

A BILL TO BE ENTITLED

AN ACT

relating to the nonforfeiture requirements of certain life insurance policies.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter A, Chapter 1105, Insurance Code, is amended by adding Section 1105.0015 to read as follows:

Sec. 1105.0015. DEFINITION. In this chapter, "operative date of the valuation manual" means the date, if any, on which the valuation manual described by Chapter 425 becomes operative as provided by that chapter.

SECTION 2. Section 1105.055, Insurance Code, is amended by amending Subsections (h) and (i) and adding Subsections (j), (k), (l), and (m) to read as follows:

(h) For a policy issued before the operative date of the valuation manual, any ~~[Any]~~ ordinary mortality table adopted after 1980 by the National Association of Insurance Commissioners that is approved by rules adopted by the commissioner for use in determining the minimum nonforfeiture standard may be substituted for:

(1) the Commissioners 1980 Standard Ordinary Mortality Table with or without Ten-Year Select Mortality Factors;
or

(2) the Commissioners 1980 Extended Term Insurance Table.

1 (i) For a policy issued before the operative date of the
2 valuation manual, any [Any] industrial mortality table adopted
3 after 1980 by the National Association of Insurance Commissioners
4 that is approved by rules adopted by the commissioner for use in
5 determining the minimum nonforfeiture standard may be substituted
6 for:

7 (1) the Commissioners 1961 Standard Industrial
8 Mortality Table; or

9 (2) the Commissioners 1961 Industrial Extended Term
10 Insurance Table.

11 (j) Except as provided by Subsection (k), for a policy
12 described by Subsection (h), on or after the operative date of the
13 valuation manual, the valuation manual must provide the
14 commissioners' standard ordinary mortality table for use in
15 determining the minimum nonforfeiture standard that may be
16 substituted for:

17 (1) the Commissioners 1980 Standard Ordinary
18 Mortality Table with or without Ten-Year Mortality Factors; or

19 (2) the Commissioners 1980 Extended Term Insurance
20 Table.

21 (k) If the commissioner by rule adopts a commissioners'
22 standard ordinary mortality table adopted by the National
23 Association of Insurance Commissioners for use in determining the
24 minimum nonforfeiture standard for policies issued on or after the
25 operative date of the valuation manual, the minimum nonforfeiture
26 standard determined in accordance with that table supersedes the
27 standard provided by the valuation manual.

1 (1) Except as provided by Subsection (m), for a policy
2 described by Subsection (i), on or after the operative date of the
3 valuation manual, the valuation manual must include the
4 commissioners' standard industrial mortality table for use in
5 determining the minimum nonforfeiture standard that may be
6 substituted for:

7 (1) the 1961 Standard Industrial Mortality Table; or

8 (2) the Commissioners 1961 Industrial Extended Term
9 Insurance Table.

10 (m) If the commissioner by rule adopts a commissioners'
11 standard industrial mortality table adopted by the National
12 Association of Insurance Commissioners for use in determining the
13 minimum nonforfeiture standard for policies issued on or after the
14 operative date of the valuation manual, the minimum nonforfeiture
15 standard determined in accordance with that table supersedes the
16 standard provided by the valuation manual.

17 SECTION 3. Section 1105.056, Insurance Code, is amended to
18 read as follows:

19 Sec. 1105.056. NONFORFEITURE INTEREST RATE. (a) For a
20 policy issued before the operative date of the valuation manual,
21 the [The] annual nonforfeiture interest rate for a policy issued in
22 a particular calendar year is equal to 125 percent of the calendar
23 year statutory valuation interest rate for that policy as defined
24 by Subchapter B, Chapter 425, rounded to the nearest one-fourth of
25 one percent.

26 (b) For a policy issued on or after the operative date of the
27 valuation manual, the nonforfeiture per year for any policy issued

1 in a particular calendar year is provided by the valuation manual.

2 SECTION 4. The commissioner of insurance may not implement
3 this Act before the operative date of the valuation manual
4 described by Section 1105.0015, Insurance Code, as added by this
5 Act.

6 SECTION 5. This Act takes effect only if an Act of the 83rd
7 Legislature, Regular Session, 2013, that amends Chapter 425,
8 Insurance Code, to authorize the commissioner of insurance to adopt
9 a standard valuation manual and provide an operative date for that
10 manual is enacted and becomes law. If an Act of the 83rd
11 Legislature, Regular Session, 2013, amending Chapter 425,
12 Insurance Code, to authorize the commissioner of insurance to adopt
13 a standard valuation manual and provide an operative date for that
14 manual does not become law, this Act has no effect.

15 SECTION 6. This Act takes effect January 1, 2014.